



Course Title: Accounting for Corporations

امتحان نهاية الفصل الدراسي الثاني - محاسبة شركات II (شركات مساهمة)

**Question 1** (5 marks)

(a) Trumpcard Inc. had 20,000 shares of 6% \$20 per value preferred stock and 15,000 shares of \$25 per value common stock outstanding throughout 2012. These data apply to each of the independent situations below.

1. Assuming that total dividends declared in 2012 were \$25,000 and that the preferred stock is not cumulative. How much total 2012 dividends should be received by common stockholders?
2. Assuming that total dividends declared in 2012 were \$80,000 and that the preferred stock is cumulative with two years' preferred dividends in arrears on December 31, 2011. How much dividends the preferred stockholders should receive in 2012?

(b) Presented below are three different lease transactions that occurred for Zonda Inc. in 2012. Assume that all lease contracts start on January 1, 2012. In no case does Zonda receive title to the properties leased during or at the end of the lease term.

	Lessor		
	Jansen Delivery	Flood Co.	Louis Auto
Type of property	Computer	Delivery equipment	Automobile
Yearly rental	\$ 6,000	\$ 4,200	\$ 3,700
Lease term	6 years	4 years	2 years
Estimated economic life	7 years	7 years	5 years
Fair market value of lease asset	\$33,000	\$19,000	\$11,000
Present value of the lease rental payments	\$31,000	\$13,000	\$ 6,400
Bargain purchase option	None	None	None

**Instructions**

- (a) Which of the leases above are operating leases and which are capital leases? Why?
- (b) Journalize the lease transaction for Flood Co. on January 1, 2012.
- (c) Journalize the lease transaction for Jansen Delivery on January 1, 2012.

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**Question 2** (5 marks)

Quascom Inc. issues a \$400,000, 8%, 10-year mortgage note on December 31, 2011. The proceeds from the note are to be used in financing a new research program. The terms of the note provide for semiannual installment payments, exclusive of real estate taxes and insurance, at \$29,433. Payments are due June 30 and December 31.

**Instructions**

- (a) Prepare an installment payments schedule for the first 2 years.
- (b) Prepare the entries for (1) the loan and (2) the first two installment payments.

**Question 3** (5 marks)

- (a) The following selected transactions relate to bonds acquired as an investment by Donaldson Inc., whose fiscal year ends on December 31.

2012

Jan. 1 Purchased at face value \$1,000,000 of Holand Instruction Inc., 10-year, 8% bonds dated January 1, 2012, directly from Holand.

July 1 Received the semiannual interest on the Holand bonds. Dec. 31 accrual of interest at year-end on the Holand bonds.

(Assume that all intervening transactions and adjustments have been properly recorded and that the number of bonds owned has not changed from December 31, 2012, to December 31, 2014).

2015

Jan. 1 Received the semiannual interest on the Holand bonds.

Jan. 1 Sold \$500,000 Holand bonds at 106. The broker deducted \$3,000 for commissions and fees on the sale.

July 1 Received the semiannual interest on the Holand bonds. Dec. 31 Accrual of interest at year-end on the Holand bonds.

**Instructions**

Journalize the listed transactions for the years 2012 and 2015.

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(b) Tesco Corporation acquired 20% of the outstanding common stock of Poston, Inc. on January 1, 2012, by paying \$550,000 for 20,000 shares. Poston declared and paid a \$0.50 per share cash dividend on June 30, 2012. Poston reported net income of \$600,000 for the year. At December 31, 2012, the market price of Poston's common stock was \$30 per share.

**Instructions**

(a) Prepare the journal entries for Tesco Corporation for 2012 assuming Tesco cannot exercise significant influence over Poston and that Poston common stock is classified as available-for-sale.

(b) Prepare the journal entries for Tesco Corporation for 2012, assuming Tesco can exercise significant influence over Poston.

مع أخصائيات بالتوصيل والتابع